

DATE: October 4, 2021

TO: Todd Wyett, Chairman
State Transportation Commission

FROM: Paul C. Ajegba
Director

SUBJECT: **Waiver of Commission Approval**

The project and description documented in Exhibit A-2, attached, was let by the Michigan Department of Transportation on September 17, 2021. The low bids received were more than 10% over the engineers' estimate, and therefore require approval by the STC. The approximate 5-week delay resulting if Commission approval were deferred to the next STC meeting on November 4, 2021 would delay the transmittal of the contract documents to the low bidder and jeopardize the construction schedule.

Thus, a waiver of the required Commission approval is requested, as provided in Commission Resolution 79-3, as amended, footnote F:

"If, in the opinion of the Director, the public interest requires that a certain contract be awarded or an agreement be executed prior to approval by the Commission, hereunder, the Director shall seek a waiver of the required approval from the Chairman of the Transportation Commission. If the request of the approval is verbal, the waiver shall be confirmed, in writing, within fourteen (14) days."

If the waiver is granted, the Department will proceed to execute the items noted above.

Signed copy on file

Director

The request for waiver of Commission approval of the above-mentioned item is approved.

Signed copy on file

Todd Wyett, Chairman

10/04/2021

Date

OFFICE MEMORANDUM

DATE: September 30, 2021

TO: State Transportation Commission

FROM: Jack Cotter, CPA, CGMA
Commission Auditor
Office of Commission Audits

SUBJECT: Justification Memorandums

Attached for your information is the department's justification memorandum for an Exhibit A-2 item where the low bid exceeded the engineer's estimate by more than ten percent.

Signed copy on file

Jack Cotter, CPA, CGMA
Commission Auditor

Attachments

cc: T. Hagon

DATE: September 27, 2021

TO: Patrick J. McCarthy, Director
Bureau of Finance and Administration

FROM: Bradley C. Wieferich, Director
Bureau of Development

SUBJECT: Justification Memo for Bid Acceptance in Excess of 10 Percent of Engineer Estimate

Letting Date: September 17, 2021

Project Description: Design-Build Project: 2.00 mi of reconstruction on I-496, ramp extensions, drainage improvements to include rehabilitation and capital preventive maintenance on 17 bridges from Lansing Road to the Grand River in the city of Lansing, Ingham County. This project contains a 2 year bridge painting warranty and a 2 year warranty on concrete surface coating. Alternate 1 (section 2) is an HMA alternate and contains two 5 year materials and workmanship pavement warranties. Alternate 2 (section 3) is a concrete alternate and contains a 5 year materials and workmanship pavement warranty. This is an On-the-Job Training Voluntary Incentive Program (OJT VIP) pilot project.

Project Number: 33044-210093

Item Number: 2109 201

Low Bidder: Walsh Construction Company II, LLC

Eng. Est: \$73,958,761.33 Low Bid: \$81,889,999.99 Difference: \$7,931,238.66 Percent: 10.72

The following shows the engineer's estimate and the proposed bids received for this project:

Please note that the lowest calculated Equivalent Uniform Annual Cost (EUAC) is used to determine the low bid based on lowest life cycle cost, per the Design Build Books. The Bid As Checked minus User Delay reflects the contract price.

Engineer's Estimate	\$73,958,761.33		
	Bid As Submitted	OJT VIP	EUAC calc
Walsh Construction Company II, LLC	\$94,299,999.99	\$0.00	\$3,016,893.93
Kamminga & Roodvoets Inc.	\$95,329,875.00	\$100,000.00	\$3,057,162.63
Michigan Paving and Materials Co.	\$103,445,214.96	\$0.00	\$3,297,946.75
	Bid As Checked	User Delay	Contract Price
Walsh Construction Company II, LLC	\$94,299,999.99	\$12,410,000.00	\$81,889,999.99
Kamminga & Roodvoets Inc.	\$95,329,875.00	\$13,736,000.00	\$81,593,875.00
Michigan Paving and Materials Co.	\$103,445,214.96	\$11,288,000.00	\$92,157,214.96

EXPLANATION FOR DIFFERENCES

The low bidder had unit prices that varied from the normal range and were higher than the engineer's estimate, due to project complexity and scheduling. This is a Design Build project which includes contract cost for both the design and construction. This project has very complex drainage design elements, including a deep trunkline sewer in a depressed freeway section. There are many utility crossings and bridge foundations to avoid. At the time of the estimate, only base plans are available, and hence not all conflicts can be known. These will impact staging and constructability of both the roadway and drainage facilities. Additionally, the completion of this Design Build project has impacts on other major construction projects in the area. Delays in completion of this contract would have negative effects on region mobility and diversion of traffic for work other scheduled on I-496 and US-127. The estimator considered these factors when estimating this project but was unable to precisely predict the unit prices.

OVERALL CONCLUSION

As indicated in the above analysis, the low bid is over the engineer's estimate due to project complexity and scheduling. This project received three bid ranging from \$94,299,999.99 to \$103,445,214.96, which varied by 9.70 percent. We believe that rejecting this bid and re-letting this project will not result in lower bids, and the low bid should be considered reasonable based on the factors discussed.

The Bureau of Development and the University Region request that this project be awarded to the low bidder, based on the above conclusion.

Director, Bureau of Development

cc: J. Cotter	D. Harr	S. Thurman	T. Kratofil	Director Ajegba
M. Spare	R. Welter	L. Strzalka	C. Rademacher	MDOT-eProposal
K. Schuster	J. Hinkle	M. Shulick	C. Tennes	R. Worgess-Carveth
D. Potvin	M. Irish	H. Stinson	H. Hinchcliff	K. Farlin
L. Bretz	C. Masseau	D. Grover	J. Gutting	E. Poole
J. O'Leary	K. Kirkpatrick	T. Sauter	T. Avramenko	A. Craigmile
E. Chelotti	D. Parker			

BOD:DD:QA:RWC:raw

REQUEST FOR MICHIGAN STATE
TRANSPORTATION COMMISSION APPROVAL
LETTING EXCEPTIONS AGENDA

October 4, 2021

TRUNKLINE CONTRACT

1. Letting of September 17, 2021

Letting Call: 2109 201

Contract Price: \$81,889,999.99

Project: RBMP, IM 33044-210093

Engineer Estimate: \$73,958,761.33

Local Agreement:

Pct Over/Under Estimate: 10.72%

Start Date: 10 days after award

Completion Date: 495 Calendar Days

Description:

Design-Build Project: 2.00 mi of reconstruction on I-496, ramp extensions, drainage improvements to include rehabilitation and capital preventive maintenance on 17 bridges from Lansing Road to the Grand River in the city of Lansing, Ingham County. This project contains a 2-year bridge painting warranty and a 2-year warranty on concrete surface coating. Alternate 1 (section 2) is an HMA alternate and contains two 5-year materials and workmanship pavement warranties. Alternate 2 (section 3) is a concrete alternate and contains a 5-year materials and workmanship pavement warranty. This is an OJT VIP Pilot Project. Please see Special Provision for Preparation and Consideration of Bids on On-the-Job-Training Voluntary Incentive Program Projects. Only shortlisted contractors are eligible to bid on this project.

5.00 % DBE participation required

Bidder	As-Submitted	Section as Bid	OJTVIP	EUAC calc w\ OJTVIP
Walsh Construction Company II, LLC	\$94,299,999.99	2	\$0.00	\$3,016,893.93 1**
Kamminga & Roodvoets Inc.	\$95,329,875.00	3	\$100,000	\$3,057,162.63 2
Michigan Paving and Materials Co.	\$103,445,214.96	2	\$0.00	\$3,297,946.75 3

Bidder	User Delay	As-Checked	As-Checked-User Delay
Walsh Construction Company II, LLC	\$12,410,000.00	Same	\$81,889,999.99 1**
Kamminga & Roodvoets Inc	\$13,736,000.00	Same	\$81,593,875.00 2
Michigan Paving and Materials Co	\$11,288,000.00	Same	\$92,157,214.96 3

Total Number of Bidders: 3

NOTE: The lowest calculated EUAC is used to determine the apparent low bid. The AS-CHECKED minus User Delay reflects the contract price.

On receipt of your approval, projects will, at the Director's discretion, be processed and awarded to the low bidder. I approve the project described in this agenda and authorize the award by the responsible management staff of MDOT to the extent authorized by and in accordance with the December 14, 1983, resolution of the State Transportation Commission and the Director's delegation memorandum of April 7, 2021.

Respectfully submitted,

Paul C. Ajegba, P.E.
Director